

## LCQ14: Development of social enterprises

\*\*\*\*\*

Following is a question by the Hon Frederick Fung Kin-kee and a written reply by the Secretary for Home Affairs, Mr Tsang Tak-sing, in the Legislative Council today (May 5):

Question:

An organisation conducted a survey on social enterprises recently, and the outcome indicated that only 27.1%, 22.9% and 30.5% of the respondent social enterprises had recorded profits in 2007, 2008 and 2009 respectively, and some 40 social enterprises (i.e. 16%) even closed down their businesses during the survey. In this connection, will the Government inform this Council:

(a) of the current measures to promote the development of social enterprises; whether it has reviewed the effectiveness of these measures as well as the overall strategies to promote such development; if it has, of the outcome; if not, the reasons for that; and

(b) of the purpose, direction and timetable of the work of the newly established Social Enterprise Advisory Committee (Advisory Committee); how the Government will implement the recommendations of the Advisory Committee; whether the Advisory Committee will review the overall strategy for promoting the development of social enterprises and make new recommendations?

Reply:

President,

(a) The Administration mainly adopts a four-pronged approach to promote the development of social enterprises (SEs), namely to enhance public understanding of SEs; to promote cross-sector collaboration; to nurture more social entrepreneurs; and to strengthen support for SEs.

Enhance public understanding on SEs

We launched a dedicated website on SE in 2006 to provide information about SEs. At

the district level, we organise promotional activities such as market fairs, job fairs, forums and carnivals to promote SEs. We also arrange SEs to showcase their products or services at appropriate occasions such as the Hong Kong Brands and Products Expo, Food Carnival, Firework Display for the East Asian Games, etc. To help disseminate sales information on SEs, we produce SE promotional coupons for free distribution at over 300 venues managed by the Home Affairs Department (HAD) and Leisure and Cultural Services Department. In addition, we arrange press interviews with SEs and produce SE booklets to publicise the business models adopted by SEs and the social objectives they achieve.

#### Promote cross-sector collaboration

HAD introduced the Social Enterprises Partnership Programme (the Programme) in 2008 to provide a platform to facilitate partnership among different sectors of the community through the matching forum and mentorship scheme. Thus far, about 20 new SE projects involving cross-sector collaboration have been launched through the matching forum. The mentorship scheme has also been met with good responses and over 15 mentor/mentee partnerships have been formed between SE operators and business organisations/professional sector.

#### Nurture more social entrepreneurs

To promote social entrepreneurship among the younger generation, we have commissioned the Chinese University of Hong Kong (CUHK) to organise business plan writing competitions since 2007, with a view to nurturing more talent to breathe new life into the development of SEs. The 2009 competition was completed in February 2010. We are now exploring the collaboration possibility with CUHK for the 2010 competition in order to identify and nurture more potential social entrepreneurs.

#### Strengthen support for SEs

In the financial year 2006-07, the Administration has earmarked \$150 million for enhanced district-based poverty alleviation work in the subsequent five years. The purpose was to promote self-reliance amongst the socially disadvantaged, including provision of assistance to SEs. HAD has implemented the Enhancing Self-Reliance Through District Partnership (ESR) Programme since 2006 to provide seed grants to eligible organisations for the initial operations of SEs. Since the launch of the ESR Programme, HAD has approved under the seven phases of applications a total grant of

around \$100 million to about 100 new SE projects, creating some 1,600 jobs for the underprivileged. Whether an SE is able to achieve net profit is not the only benchmark for an SE's success. Based on the progress reports submitted by SEs receiving funding, about two-third of the approved projects could meet or exceed the projected targets in terms of sales volume and profit stated in their business proposals. As at today, a total of 53 projects have had their funding period expired. Apart from five SEs which have ceased operations as they were unable to meet their projected business targets, the remaining SEs are still operating. We are now reviewing the five-year ESR Programme which will reach its end next year.

The Administration introduced a pilot scheme in 2008. Sixteen government cleansing service contracts were awarded to SEs under the arrangement of priority bidding. The total value amounted to around \$6.6 million, creating over 150 jobs. The Administration continues with the scheme in 2009-10. Fifty-three government contracts were identified for priority bidding by SEs and the scope was extended to include gardening service contracts. Among the 53 contracts, 32 contracts with a total value of \$11 million were awarded to SEs, creating over 200 job opportunities.

With the Administration's efforts over the past few years, members of the public have a fair understanding of SEs. Some community organisations establish or promote SEs on their own initiation. We will review the policy on SEs from time to time to cater for the need of the community.

(b) The Social Enterprise Advisory Committee (SEAC) was established in January 2010 and its terms of reference are as follows:

- to advise the Government on the formulation of policies and strategies for supporting the sustainable development of social enterprises in Hong Kong;
- to advise the Government on programmes/activities that promote development of social enterprises and to monitor their implementation;
- to foster better understanding and encourage closer co-operation amongst relevant stakeholders in the development of social enterprises; and
- to undertake research studies on matters pertaining to the development of social enterprises.

The first SEAC meeting was held in March 2010. Members were briefed on the existing policies and measures of the Government in the development of SEs. Members also exchanged views on their expectations of the work of the SEAC and key issues to be considered at the coming meetings. We are now consolidating Members' views and we plan to schedule the second SEAC meeting for the second quarter of 2010 to further examine the recommendations made by Members. In addition, the SEAC will also offer its views on the review of the ESR Programme.

Ends/Wednesday, May 5, 2010

NNNN